Artemis Global Equity Income Fund

Class I accumulation shares, GBP

Jacob de Tusch-Lec
Fund manager, since launch

Sam Morley
Analyst, since April 2016

James Davidson
Analyst, since December 2018

September 2019
Data as of 31 August 2019

The fund's aims

The fund aims to achieve income combined with capital growth from a wide range of investments. The fund will mainly invest in global equities but may have exposures to fixed interest securities. We will not be restricted in our choice of investments, regardless of size of the company, the industry it trades in or the geographical split of the portfolio.

Fund update

A series of inflammatory tweets aimed at China and the Fed by President Trump, tensions in Hong Kong and a steady accumulation of weak economic data in Europe and the US left their mark in August.

The US yield curve inverted again, which some investors interpreted as a sign of impending recession. Most developed economies now face inverted or negative yield curves. By the end of the month, yields on US$17 trillion of assets worldwide were negative rather than – as has been the rule throughout financial history – positive.

In the equity market, defensive shares outperformed cyclical stocks as safe-haven assets and currencies soared. If we look at a stock with predictable and defensive earnings such as Nestlé, we can understand why a dividend yield of 2.5% over next 12 months, paid in Swiss francs and growing at an above-inflation pace, is so attractive – particularly given that the same company can now issue debt at negative yields. We don't hold Nestlé but we wouldn't argue with the logic of those who do.

We also understand that the near-zero cost of long-term capital is supporting 'secular' growth stocks. Meanwhile, 'disrupters' such as Airbnb, Uber and WeWork are being given cash to burn as they attempt to destroy the painstakingly assembled protective moats of incumbents.

Investors such as pension funds, whose long-term liabilities can't be covered by negative yields from bonds, are increasingly pursuing these two types of stocks. Stocks that fall into neither of these camps, however, lack natural buyers. These include modestly valued companies that pay attractive dividends but which might prove vulnerable in the event of a recession. These are the types of stock towards which we have traditionally had a bias.

It was, in part, a consequence of these increasingly extreme trends away from value and cyclicality that the fund fell by more than the index in August.

On a stock-specific level, the biggest detractors in August were sensible-yet-cyclical names such as GM, Citigroup, and Synchrony. Our energy names – such as Borr and Tenaris – were hurt by weakness in the oil price. On a more positive note, we made money in infrastructure (Spark New Zealand, Ferrovial, Iberdrola and Vinci). Given that bond yields had fallen to all-time lows, that stocks whose fortunes are somewhat linked to the direction of the bond market did well was not surprising.

Composition

Top ten holdings

General Motors	3.6%
Rai Way	3.5%
INWIT	3.4%
Verizon Communications	2.6%
Broadcom	2.5%
Microsoft	2.5%
Citigroup Inc	2.5%
Blackstone Group	2.5%
Sanofi	2.4%
Bank Leumi Le-Israel	2.3%

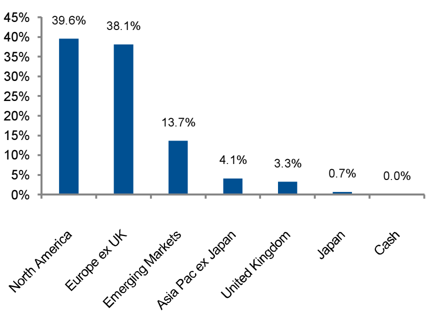
Source: Artemis as at 31 August 2019.

Market sector split

Financials	18.4%
Industrials	14.5%
Communication Services	14.2%
Information Technology	11.1%
Materials	9.5%
Energy	8.0%
Consumer Discretionary	7.3%
Utilities	5.9%
Health Care	5.3%
Real Estate	4.1%
Consumer Staples	1.1%

Source: Artemis as at 31 August 2019. Please note that figures may not add up to 100% due to rounding and the cash holding.

Geographic breakdown



Source: Artemis as at 31 August 2019. Please note figures may not add up to 100% due to rounding.

Performance

Cumulative performance

	Since launch	3 years	1 year	6 months	3 months
Artemis Global Equity Income Fund	25.3%	19.9%	-7.5%	4.0%	5.9%
MSCI AC World NR GBP	60.4%	39.9%	6.4%	12.2%	8.0%
IA Global Equity Income NR	45.4%	28.6%	5.9%	10.0%	6.1%

'Since launch' data from 3 June 2015. Source: Lipper Limited, mid to mid in sterling to 31 August 2019. All figures show total returns with dividends reinvested. Benchmarks shown are for comparison: further information can be found in the fund's Key Investor Information Document. This class may be in a currency or have charges or a hedging approach different from those in the IA sector benchmark.

Discrete performance to year end

	2018	2017	2016	2015	2014
12 months to 31 December	-12.7%	11.7%	21.9%	n/a	n/a

Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested. As the fund was launched on 3 June 2015, complete five year performance data is not yet available. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the share class.

Discrete performance to quarter end

	2019	2018	2017	2016	2015
12 months to 30 June	-3.7%	8.3%	24.8%	3.0%	n/a

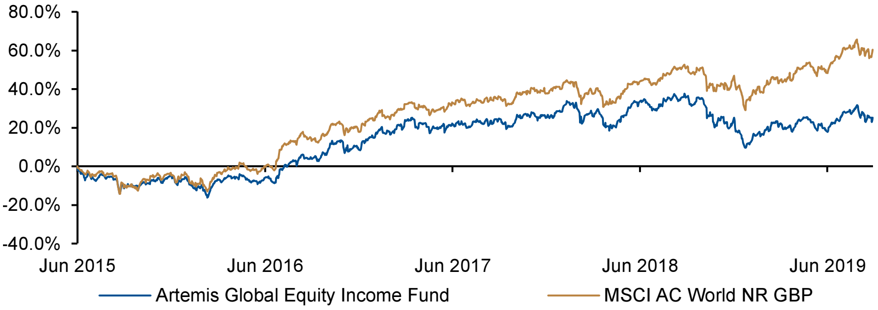
Please remember that past performance is not a guide to the future. Source: Lipper Limited, mid to mid in sterling. All figures show total returns with dividends reinvested. As the fund was launched on 3 June 2015, complete five year performance data is not yet available. Returns may vary as a result of currency fluctuations if the investor's currency is different to that of the share class.

Key facts

Fund type	OEIC
Focus	Income
Asset class	Equity
Regional focus	Global
IA sector	IA Global Equity Income NR
SEDOL	BW9HLK2
ISIN	GB00BW9HLK22
Type	Accumulation
Class currency	GBP
Accumulation date	31 October, 30 April
Valuation point (UK business days)	12:00
Year end	28 February
Fund launch date	3 June 2015
Class launch date	3 June 2015
Class launch price	100p
SRRI	5
Fund size (mid basis)	£48.9m

Source: Artemis as at 31 August 2019.

Percentage growth



Data from 3 June 2015. Source: Lipper Limited, mid to mid in sterling to 31 August 2019. All figures show total returns with dividends reinvested.

Prices and yield

Mid price	125.33p
Historic yield	2.34%

The historic yield reflects distributions declared over the past twelve months as a percentage of the mid-market price, as at the date shown. It does not include any preliminary charge and investors may be subject to tax on their distributions.

Charges

Initial charge	0%
Ongoing charge	0.900%

The ongoing charge includes the annual management charge of 0.75% and is shown as at the date of the Key Investor Information Document (KIID), where a full explanation of the fund's charges can be found.

Risks and important information

To ensure you understand whether this fund is suitable for you, please read the Key Investor Information Document and Costs and Charges Information document, which are available, along with the fund's Prospectus, from artemisfunds.com

The value of any investment, and any income from it, can rise and fall with movements in stockmarkets, currencies and interest rates. These can move irrationally and can be affected unpredictably by diverse factors, including political and economic events. This could mean that you won't get back the amount you originally invested.

The fund's past performance should not be considered a guide to future returns.

The fund may invest in emerging markets, which can involve greater risk than investing in developed markets. In particular, more volatility (sharper rises and falls in unit/share prices) can be expected.

The fund may invest in the shares of small and medium-sized companies. Shares in smaller companies carry more risk than larger, more established companies because they are often more volatile and, under some circumstances, harder to sell. In addition, information for reliably determining the value of smaller companies – and the risks that owning them entails – can be harder to come by.

Because one of the key objectives of the fund's distribution shares is to provide income, the annual management charge for distribution shares is taken from capital rather than income. This can reduce the potential for capital growth.

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